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TO RUEHC/SECSTATE WASHDC 4844  
INFO RUEHAC/AMEMBASSY ASUNCION 3939  
RUEHBO/AMEMBASSY BOGOTA 2403  
RUEHBU/AMEMBASSY BUENOS AIRES 1458  
RUEHBR/AMEMBASSY BRASILIA 0872  
RUEHCV/AMEMBASSY CARACAS 2066  
RUEHPE/AMEMBASSY LIMA 6149  
RUEHMN/AMEMBASSY MONTEVIDEO 4371  
RUEHQT/AMEMBASSY QUITO 2327  
RUEAIIA/CIA WASHDC  
RHEFDIA/DIA WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUCPDOG/DEPT OF COMMERCE WASHDC

UNCLAS SANTIAGO 000390

SIPDIS

STATE FOR R/MR, I/PP, WHA/BSC, WHA/PDA, INR/IAA

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SUBJECT: CHILE MEDIA REPORT - APRIL 23

#### Leading Stories

¶1. The IDB has frozen loans to Chile until the government reimburses the bank for a loan issued to finance the public transportation system, Transantiago. Dailies also reported that the new Transparency Law revealed that the government issued -- without a bidding process -- half a million dollars to think tanks affiliated with the Concertacion's political parties.

#### U.S.-Related News

¶2. Photograph of Finance Minister Andres Velasco and investor George Soros after a bilateral meeting in New York (All dailies, 4/23).

¶3. Extensive article on the team from the Nosedal public school that won first place at the First Lego League World Festival robotics competition in Atlanta. The students from the low-income district of La Pintana were awarded for their innovation, presenting a solar-powered sprinkler system (El Mercurio, 4/23).

#### Transantiago

¶4. In 2008, the Finance and Transportation Ministries gave their approval for an IDB loan to finance the public transportation system. But the Constitutional Tribunal later declared the authorization unconstitutional and instructed the GOC to pay back the loan. In that context, the IDB has suspended further loans until it reaches an agreement with the GOC on the repayment of the Transantiago loan (El Mercurio, 4/23).

#### IMF Predictions

¶5. IMF analyst Charles Collyns said the IMF's annual report predicted Chile's economy will grow only 0.1% in 2009. However, because of its fiscal savings policy and low interest rates, the country will not enter a recession. In comparison, Latin America's economies are expected to contract 1.5% in 2009 (El Mercurio, 4/23).

#### Transparency Law

¶6. As a result of the Transparency Law, new information revealed that the government allocated approximately US\$417,000 to several think tanks affiliated with the Concertacion's political parties. The money was allocated without a formal bidding process (La Tercera, 4/23).

## Indigenous Conflict

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¶7. Regional Prosecutor Francisco Ljubetic said that the type of planning and weapons used in violent attacks against the police, a prosecutor, and on private property in the Region of Araucania suggests that those responsible had paramilitary training. Thus far, two people are facing charges for those attacks, both of whom are members of the radical Mapuche "Coordinadora Arauco Malleco" (CAM). Records also show that both individuals had repeatedly traveled to Colombia, Bolivia and Peru, said Ljubetic. Hector Llaitul faces charges for the 2008 ambush in Tirua of Special Prosecutor Mario Elgueta and his police detachment. Mauricio Huaiquilao faces charges for incidents between 2005 and 2008, including arson, violent attacks at a private estate, frustrated homicide, and threats against a private citizen (El Mercurio, 4/23).

¶8. Yesterday, hooded individuals attacked with stones several trucks owned by a forestry company in the area of Collipulli. In addition, individuals started fires in ten different parts of land owned by the same forestry company, destroying 15 hectares of pines (El Mercurio, 4/23).

SIMONS